

Greece Has Not Asked Russian Finance Ministry for Aid – Deputy Minister

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Greek Prime Minister Alexis Tsipras

ST. PETERSBURG — Greece has not asked Russia's Finance Ministry for financial assistance and its prime minister is visiting Russia to discuss joint projects, not to seek cash, Russian Deputy Finance Minister Sergei Storchak said on Thursday.

With time running out for Athens to reach a reform-for-aid deal with its international creditors, Greek Prime Minister Alexis Tsipras arrived in St. Petersburg earlier Thursday for talks with Russian President Vladimir Putin and other officials.

"There have been no requests [for help from Greece]" Storchak told Reuters at the St. Petersburg International Economic Forum. "There are no resources [in our budget to provide money]."

Storchak said Russia was interested in Greece resolving its financial problems and normalizing relations with its partners, adding that Moscow did not want any "escalation of tensions."

"The [prime minister's] visit is, in my opinion, oriented toward finding joint projects and developing trade rather than solving their budget problems," Storchak said.

"When the measures needed to solve [Greece's] current problems are on such a huge scale, no one country in the world can do this on its own. Only joint efforts of many countries at once can help."

With Greece fast approaching a potential default on June 30 and amid signs that Greeks are withdrawing money from their banks, officials acknowledged that a Greek exit from the euro was now being discussed.

Pierre Moscovici, the European Union's top economy official, said the euro zone meeting would be "very difficult" but that he hoped everyone turns up "with cool heads and the political will to succeed."

Reiterating that the EU's executive arm will do what it can to get a deal, he acknowledged that talk of a Greek exit from the euro was being discussed by some.

"The stakes are extremely high for the Greek people and all of Europe," he said in Luxembourg.

Greece's radical left-led government has been locked in discussions with its international creditors since its election in January over what economic reforms and budget cuts it needs to make to get the remaining 7.2 billion euros (\$8.2 billion) available in its bailout fund.

It needs that money to pay upcoming debts — first and foremost 1.6 billion euros due to the International Monetary Fund at the end of the month.

With Greek Finance Minister Yanis Varoufakis having indicated this week that he wouldn't bring any new proposals, there are concerns the meeting may fail to deliver much progress.

Finnish Finance Minister Alexander Stubb acknowledged that there's potential for a last-minute deal but said he was "not extremely hopeful for today, to be honest."

The blame game over the impasse in Greece's talks has gotten louder in recent days, with both sides claiming they've gone a long way to secure a deal. Tsipras has been adamant he won't back any deal that cuts pensions while European officials say they've made compromises to meet the Greek government's demands. For example, they dropped a budget surplus target from 3 percent of gross domestic product to 1 percent this year.

The stalemate has become an increasing concern across financial markets as investors fret about the potential implications of a Greek default and exit from the euro. The Bank of Greece warned its own government on Wednesday to get a deal done quickly, or Greece would face an "uncontrollable crisis" that might jeopardize the country's membership in the European Union.

Greek shares were down modestly Thursday, with the main Athens index recovering some ground from earlier to trade only 0.3 percent lower. The Stoxx 50 index of leading European shares, meanwhile, was down 0.6 percent.

Hours ahead of the euro zone finance ministers' meeting, German Chancellor Angela Merkel pressed Greece to deliver on commitments to carry out reforms, saying it's up to leaders in Athens to show the will to reach a deal.

Merkel, whose country is a key supplier of rescue loans and Europe's biggest economy, said Greece's government in February "committed itself to comprehensive structural reforms. These must now be tackled with determination."

"Germany's efforts are directed to Greece remaining in the euro zone," she stressed. She reiterated that "where there's a will, there's a way — if the political leaders in Greece show this will an agreement ... is still possible."

Merkel also said that "Greece has enjoyed an unprecedented amount of European solidarity in the last five years." Since Greece was locked out of international bond markets in the spring of 2010, it has relied on bailout funds from its partners in the euro zone and the IMF. In return for the 240 billion euros in loans, the country has had to make deep spending cuts and tax increases as well as economic reforms.

The Syriza party was elected on a promise to end such austerity, which it blames for the calamitous state of the Greek economy. Barring a modest recovery in 2014, the Greek economy has shrunk by a quarter since its financial crisis began, while unemployment and poverty have increased dramatically. The country's public debt burden has actually grown and now stands at near 180 percent of national income.

(Reuters, AP)

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